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**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF NEW JERSEY**

In re:

BLOCKFI INC., *et al.*,

Debtors.<sup>1</sup>

Chapter 11

Case No. 22-19361 (MBK)

(Jointly Administered)

**APPLICATION IN LIEU OF MOTION IN SUPPORT OF ENTRY OF AN  
ORDER APPROVING THE STIPULATION STAYING LITIGATION AND  
RELATED DISCOVERY CONCERNING THE ROBINHOOD ASSETS**

TO: HONORABLE MICHAEL B. KAPLAN  
Chief United States Bankruptcy Judge

The above-captioned debtors and debtors-in-possession (the “BlockFi Debtors” or “BlockFi”) in the above-referenced Chapter 11 cases (these “Chapter 11 Cases”), by and through

<sup>1</sup> The Debtors in these Chapter 11 Cases, along with the last four digits of each Debtor’s federal tax identification number, are: BlockFi Inc. (0015); BlockFi Trading LLC (2487); BlockFi Lending LLC (5017); BlockFi Wallet LLC (3231); BlockFi Ventures LLC (9937); BlockFi International Ltd. (N/A); BlockFi Investment Products LLC (2422); BlockFi Services, Inc. (5965); and BlockFi Lending II LLC (0154). The location of the Debtors’ service address is 201 Montgomery Street, Suite 263, Jersey City, NJ 07302.

their undersigned counsel, hereby submit this application in lieu of motion (the “Application”), pursuant to title 11 of the United States Code, 11 U.S.C. §§ 101 *et seq.* (the “Bankruptcy Code”), the Court’s inherent powers, and D.N.J. LBR 9021-1(b), in support of entry of an *Order Approving the Stipulation Staying Litigation and Related Discovery Concerning the Robinhood Assets* (the “Stipulation”), a copy of which is attached hereto as **Exhibit 1**, and respectfully state as follows:

1. On November 28, 2022 (the “Petition Date”), each of the BlockFi Debtors filed voluntary petitions for relief commencing these Chapter 11 Cases in the United States Bankruptcy Court for the District of New Jersey (the “Bankruptcy Court”).

1. Also on the Petition Date, Debtors BlockFi Inc., BlockFi Lending LLC, and BlockFi International Ltd. (collectively, the “BlockFi Adversary Plaintiffs”) filed an adversary proceeding in the Bankruptcy Court, Adv. Pro. 22-01382-MBK (the “BlockFi Adversary Proceeding”), against Emergent Fidelity Technologies Ltd. (“Emergent”) and Marex Capital Markets Inc., formerly known as ED&F Man Capital Markets Inc. (“Marex”).

2. The central focus of the BlockFi Adversary Proceeding is the recovery of certain assets that Emergent pledged to the BlockFi Adversary Plaintiffs as security for hundreds of millions of dollars in loans from BlockFi Lending and BlockFi International. Compl. [Adv. Dkt. No. 1], ¶¶ 19–49. Those assets consisted primarily of (i) approximately 55 million shares of common stock of Robinhood Markets Inc. (NASDAQ ticker symbol: HOOD) and (ii) certain proceeds therefrom, including approximately \$20.7 million in cash (the “Robinhood Assets”). As of the Petition Date, Marex held the Robinhood Assets in one or more accounts in Emergent’s name.

3. On December 30, 2022, the Honorable Katherine H. Parker, United States Magistrate Judge for the Southern District of New York, signed a Warrant of Seizure for the

Robinhood Assets. Then, on January 6, 2023, the United States of America (the “Government”) filed a Notice of Asset Seizures in the Chapter 11 Cases [Dkt. No. 203], stating that the Government had seized the Robinhood Assets (the “Seizure”).

4. On January 20, 2023, the Government filed its Forfeiture Bill of Particulars in its pending criminal case against Mr. Samuel Bankman-Fried—*United States of America v. Samuel Bankman-Fried a/k/a “SBF,” et al.*, 22 Cr. 673, pending in the United States District Court for the Southern District of New York (the “SBF Criminal Proceeding”)—identifying specific assets that it seized from various sources, including the Robinhood Assets “held in the name of ‘Emergent Fidelity Technologies’” in certain Marex accounts.<sup>2</sup> The Robinhood Assets are now in the Government’s possession, custody, and control pending the outcome of the SBF Criminal Proceeding and, if Mr. Bankman-Fried is convicted of or pleads guilty to certain offenses, a subsequent forfeiture proceeding (the “Forfeiture Proceeding”).<sup>3</sup>

5. On February 3, 2023, Emergent filed its own voluntary petition for relief under Chapter 11 of the Bankruptcy Code, commencing the case styled *In re Emergent Fidelity Technologies, Ltd.*, Case No. 23-10149-JTD, pending in the United States Bankruptcy Court for the District of Delaware (the “Emergent Bankruptcy Case”). Emergent asserts certain claims and rights with respect to the Robinhood Assets. On February 16, 2023, the Debtors moved to dismiss the Emergent Bankruptcy Case (the “BlockFi Motion to Dismiss”).<sup>4</sup>

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<sup>2</sup> Government’s Forfeiture Bill of Particulars, SBF Criminal Proceeding, Dkt. No. 49 (Jan. 20, 2023).

<sup>3</sup> Ex. 2, Mot. to Dismiss Tr., at 25:24-27:25 (presentation of Mr. Seth Shapiro, Senior Trial Counsel, U.S. Department of Justice-Civil Division, Commercial Litigation Branch). As explained below, **Exhibit 2** is a transcript of a proceeding held in the Emergent Bankruptcy Case on March 14, 2023, before the Hon. John T. Dorsey, United States Bankruptcy Judge for the District of Delaware, Case No. 23-10149-JTD.

<sup>4</sup> BlockFi’s Motion for Entry of an Order Dismissing the Debtor’s Chapter 11 Case, Emergent Bankruptcy Case, Dkt. No. 32 (Feb. 16, 2023).

6. Subsequently, on March 2, 2023, the debtors in the Chapter 11 cases jointly administered under the case styled *In re FTX Trading, Ltd., et al.*, Case No. 22-11068-JTD, pending in the United States Bankruptcy Court for the District of Delaware (collectively, the “FTX Debtors”), filed an opposition to BlockFi’s Motion to Dismiss and asserted that one FTX Debtor, Alameda Research, Ltd., “claims ownership of the [Robinhood] Shares,” i.e., the Robinhood Assets.<sup>5</sup>

7. On this background, the Delaware Bankruptcy Court, the Hon. John T. Dorsey presiding, held a hearing on March 14, 2023, on the BlockFi Motion to Dismiss the Emergent Bankruptcy Case. A transcript of that hearing is attached to this Application as Exhibit 2 for the Court’s reference.

8. Several important developments occurred at the March 14 hearing, including:

- Judge Dorsey indicated that he would do “nothing that is going to effect the ownership of [the Robinhood Assets]” as such determinations were before the U.S. District Court for the Southern District of New York in the Forfeiture Proceeding.<sup>6</sup>
- Counsel for the U.S. Department of Justice stated that “under 21 U.S.C. 853, the exclusive jurisdiction for determining who has the interests in the [Robinhood Assets] at issue is the [S.D.N.Y.] District Court, it is not this Court or any other Bankruptcy Court.”<sup>7</sup>
- Counsel for the U.S. Department of Justice further stated the “criminal prosecutors [in the SBF Criminal Proceeding] have indicated that they believe that the Southern District of New York will adjudicate all of these issues related to the criminal forfeiture.”<sup>8</sup>
- Judge Dorsey then issued guidance to the Parties—BlockFi, FTX, and Emergent—and directed them to conference privately in the hallway to see if they could come to an agreement on staying litigation and discovery over the Robinhood Assets

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<sup>5</sup> FTX Debtors’ Opposition to BlockFi’s Motion to Dismiss, Emergent Bankruptcy Case, Dkt. No. 41 (Mar. 2, 2023).

<sup>6</sup> Ex. 2 at 13:15-20, *see also id.* at 23:17-20.

<sup>7</sup> Ex. 2 at 26:17-27:2

<sup>8</sup> Ex. 2 at 27:3-15.

while, at the same time, allowing the Parties to exchange information relevant concerning the claims to those assets and otherwise protect their respective claims.<sup>9</sup>

- While the Parties were unable to reach a final agreement at the hearing, BlockFi did agree to withdraw its Motion to Dismiss without prejudice, and the Parties committed to working to reach a final agreement on a stay of litigation related to the Robinhood Assets in advance of an April 12, 2023 status hearing in the Emergent Bankruptcy Case.<sup>10</sup>

9. Following the March 14 hearing, counsel for the BlockFi Debtors, the FTX Debtors, and Emergent worked diligently and cooperatively over the next several weeks to come to an agreement on a stipulation that stayed further litigation and discovery concerning the Robinhood Assets while still (i) permitting a reasonable exchange of information regarding those assets, (ii) providing various other protections to the Parties regarding the Robinhood Assets, and (iii) allowing the Parties to otherwise administer their respective bankruptcy cases on issues not directly related to the Robinhood Assets.

10. On April 11, 2023, the Parties reached their final agreement on the Stipulation. The Parties submitted the Stipulation to Judge Dorsey in the FTX Debtors bankruptcy cases on the same day.<sup>11</sup> During the April 12, 2023 omnibus hearing in the FTX Debtors bankruptcy cases Judge Dorsey indicated he had reviewed the stipulation and would enter it.

11. The Stipulation is the result of significant good-faith, arm's-length negotiations among counsel for the BlockFi Debtors, the FTX Debtors, and Emergent. In the BlockFi Debtors' business judgment, the Stipulation benefits, and is in the best interest of, the BlockFi Debtors' estates because it curtails unnecessary and expensive litigation over the Robinhood Assets in

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<sup>9</sup> Ex. 2 at 31:25-32:20.

<sup>10</sup> Ex. 2 at 32:23-37:24.

<sup>11</sup> *In re FTX Trading LTD., et al.*, Case No. 22-11068-JTD, Dkt. Nos. 1261, 1261-1 (Bankr. D. Del. Apr. 11, 2023). The Emergent Bankruptcy Case is being jointly administered under the same case number.

multiple forums while at the same time: (i) providing the BlockFi Debtors access to important information regarding the Robinhood Assets; (ii) allowing the BlockFi Debtors to focus on developing a plan of reorganization, administering other claims, addressing other issues in the Chapter 11 Cases, and potentially recovering other assets; and (iii) preserving all of the BlockFi Debtors' rights and ability to litigate its claims to the Robinhood Assets in the proper forum at the proper time.

12. The Stipulation also required that it "shall be filed and submitted for approval by the respective debtor(s) in the BlockFi Adversary Proceeding, the BlockFi Bankruptcy Cases, the Emergent Bankruptcy Case, and the FTX Bankruptcy Cases."<sup>12</sup>

13. Counsel for the BlockFi Debtors has informed the United States Trustee (the "Trustee") and the Committee of Unsecured Creditors (the "Committee") of BlockFi's intention to submit this Application to the Court in both the Chapter 11 Cases and the BlockFi Adversary Proceeding. As of the time of filing neither the UCC nor the Committee has taken a position on the filing of this Application.

14. For these reasons, the BlockFi Debtors respectfully request that the Court review and approve the Stipulation and adopt the Stipulation as an Order of this Court for all proper purposes.

15. This Application is submitted pursuant to D.N.J. LBR 9021-1(b) in lieu of a motion in support of the Debtors' request that the Court enter the Stipulation as presented. The Debtors submit that the Stipulation is in the best interests of the Debtors and their bankruptcy estates because it will prevent unnecessary and expensive litigation and allow the Debtors to instead continue focusing on the administration of these Chapter 11 Cases. No previous application for

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<sup>12</sup> Stipulation, ¶ 2.

the relief sought herein has been made to this or any other Court.

WHEREFORE, the Debtors respectfully request that the Court enter an Order Approving the Stipulation and grant such other relief as the Court deems just and appropriate under the circumstances.

*[Remainder of page intentionally left blank]*

Respectfully Submitted,

Dated: April 14, 2023

/s/ Michael D. Sirota

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**EXHIBIT 1**

**Stipulation**

## **STIPULATION STAYING LITIGATION AND RELATED DISCOVERY**

This stipulation (the “Stipulation”) is being entered into among the following: (i) BlockFi, Inc. and its affiliated debtors, debtors-in-possession, and their respective bankruptcy estates (collectively, “BlockFi”); (ii) Emergent Fidelity Technologies, Ltd. and its bankruptcy estate (“Emergent”); and (iii) FTX Trading Ltd. and its affiliated debtors, debtors-in-possession, and their respective bankruptcy estates (collectively, “FTX”). BlockFi, Emergent, and FTX are each a “Party” and collectively, the “Parties.”

## **RECITALS**

**WHEREAS**, BlockFi are debtors in the Chapter 11 cases jointly administered under the case styled *In re BlockFi, Inc., et. al*, Case No. 22-19361 (MBK), pending in the United States Bankruptcy Court for the District of New Jersey (the “BlockFi Bankruptcy Cases”);<sup>1</sup>

**WHEREAS**, Emergent is the debtor in a Chapter 11 case styled *In re Emergent Fidelity Technologies, Ltd.*, Case No. 23-10149 (JTD), and jointly administered under the case styled *In re FTX Trading, Ltd., et. al*, Case No. 22-11068 (JTD) pending in the United States Bankruptcy Court for the District of Delaware (the “Emergent Bankruptcy Case”);<sup>2</sup>

**WHEREAS**, FTX are debtors in the Chapter 11 cases jointly administered under the case styled *In re FTX Trading, Ltd., et. al*, Case No. 22-11068 (JTD), pending in the United States Bankruptcy Court for the District of Delaware (the “FTX Bankruptcy Cases”);<sup>3</sup>

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<sup>1</sup> The Debtors in the BlockFi Bankruptcy Cases, along with the last four digits of each Debtor’s federal tax identification number, are: BlockFi Inc. (0015); BlockFi Trading LLC (2487); BlockFi Lending LLC (5017); BlockFi Wallet LLC (3231); BlockFi Ventures LLC (9937); BlockFi International Ltd. (N/A); BlockFi Investment Products LLC (2422); BlockFi Services, Inc. (5965) and BlockFi Lending II LLC (0154). The location of the Debtors’ service address is 201 Montgomery Street, Suite 263, Jersey City, New Jersey 07302.

<sup>2</sup> Emergent Fidelity Technologies Ltd, is a company formed under the laws of Antigua and Barbuda with registration number 17532 as identified by the Antigua and Barbuda Financial Services Regulatory Commission. Emergent’s principal place of business is Unit 3B, Bryson’s Commercial Complex, Friars Hill Road, St. John’s, Antigua and Barbuda.

<sup>3</sup> The last four digits of Debtors FTX Trading Ltd.’s and Alameda Research LLC’s tax identification number are 3288 and 4063 respectively. Due to the large number of debtor entities in the FTX Bankruptcy Cases, a complete list of the

**WHEREAS**, on November 28, 2022, BlockFi Inc. and two of its affiliated debtors in the BlockFi Bankruptcy Cases filed an adversary proceeding complaint against Emergent and Marex Capital Markets Inc., formerly known as ED&F Man Capital Markets Inc. (“Marex”), Adversary Proceeding No. 22-01382 (MBK), pending in the United States Bankruptcy Court for the District of New Jersey (the “BlockFi Adversary Proceeding”);

**WHEREAS**, prior to the Seizure (as defined below), Emergent had accounts at Marex that held, among other things, 55,273,469 shares of common stock of Robinhood Markets Inc. (NASDAQ ticker symbol: HOOD) and certain proceeds therefrom, including approximately \$20.7 million in cash (the “Robinhood Assets”);

**WHEREAS**, BlockFi asserts that it has rights, title, ownership of, and/or claims and liens to and against the Robinhood Assets, arising from a certain Pledge Agreement entered into between Emergent and BlockFi with respect to debt owed by FTX debtor Alameda Research Ltd. to BlockFi;

**WHEREAS**, FTX asserts that it has rights, title, and ownership of the Robinhood Assets, or in the alternative asserts that it is a creditor of Emergent with respect to the Robinhood Assets;

**WHEREAS**, the United States of America (the “Government”), acting through the United States Attorney for the Southern District of New York, has a criminal case against Samuel Bankman-Fried, Zixiao (Gary) Wang, Caroline Ellison, and Nishad Singh in the action styled *United States of America v. Samuel Bankman-Fried a/k/a “SBF,” et al.*, 22 Cr. 673, pending in the United States District Court for the Southern District of New York (the “SBF Criminal Proceeding”). Mr. Bankman-Fried is currently scheduled for trial beginning on October 2, 2023;

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FTX Debtors and the last four digits of their federal tax identification numbers is not provided herein. A complete list of such information may be obtained on the website of the FTX Debtors’ claims and noticing agent at <https://cases.ra.kroll.com/FTX>.

**WHEREAS**, on December 30, 2022, the Honorable Katherine H. Parker, United States Magistrate Judge for the Southern District of New York, signed a Warrant of Seizure for the Robinhood Assets;

**WHEREAS**, on January 6, 2023, and January 11, 2023, the Government filed a Notice of Asset Seizures in the BlockFi Bankruptcy Cases and the FTX Bankruptcy Cases, respectively, stating that it had seized the Robinhood Assets (the “Seizure”);

**WHEREAS**, on January 20, 2023, the Government filed its Forfeiture Bill of Particulars in the SBF Criminal Proceeding, identifying specific assets that it seized from various sources, including the Robinhood Assets “held in the name of ‘Emergent Fidelity Technologies’” in Marex accounts numbered \*9\*-\*\*\*00 and \*2\*-\*\*\*00. The Robinhood Assets, which are in the Government’s possession, custody, and control pending the outcome of the SBF Criminal Proceeding and, if Mr. Bankman-Fried is convicted of or pleads guilty to certain offenses, a subsequent forfeiture proceeding (the “Forfeiture Proceeding”);

**WHEREAS**, BlockFi intends to amend the complaint in the BlockFi Adversary Proceeding to further substantiate, supplement, and add to its current claims against Emergent and Marex;

**WHEREAS**, Emergent intends to file an adversary proceeding in the Emergent Bankruptcy Case seeking, among other things, avoidance of all transfers of any interests (including security interests) in Emergent’s property made to BlockFi, the disallowance of BlockFi’s claims against Emergent, and a declaration that BlockFi has no rights, title, ownership interests, or security interests to or in the Robinhood Assets;

**WHEREAS**, FTX intends to file an adversary proceeding in the FTX Bankruptcy Cases seeking, among other things, to establish ownership of the Robinhood Assets and avoidance of the transfer of the Robinhood Assets to Emergent and/or their pledge to BlockFi;

**WHEREAS**, the Government has advised BlockFi, Emergent, and FTX that the BlockFi

Adversary Proceeding and any further litigation among the Parties with respect to claims, rights, interests, liens, or ownership with respect to the Robinhood Assets could potentially interfere with the SBF Criminal Proceeding and/or the Forfeiture Proceeding;

**WHEREAS**, at a hearing on March 14, 2023, in the Emergent Bankruptcy Proceeding, the Delaware Bankruptcy Court informed the Parties that it will not issue rulings with respect to ownership of the Robinhood Assets for so long as the District Court hearing the SBF Criminal Proceeding and potentially the Forfeiture Proceeding asserts jurisdiction over the Robinhood Assets;

**WHEREAS**, the Parties agree that, except as set forth herein, it is in the best interests of justice and the Parties and their respective bankruptcy estates to agree to stay and not to seek or otherwise commence or pursue litigation (in the United States or any other jurisdiction), or otherwise pursue a ruling or judgment from any court, determining interests in, ownership of, rights or claims to, or liens with respect to the Robinhood Assets, including without limitation litigation among any of the Parties to determine the validity or allowance of any Party's claims against Emergent or any Party's alleged interests in the Robinhood Assets (collectively "Robinhood Assets Litigation"), outside of (i) the SBF Criminal Proceeding and (ii) if any, the Forfeiture Proceeding (each exclusive of any appeals) (the satisfaction of both conditions being the "Criminal Proceedings Conclusion");

**WHEREAS**, the Parties acknowledge they may deem it necessary to file claims, motions or objections to protect their rights in any or all of the BlockFi Bankruptcy Cases, the Emergent Bankruptcy Case, and the FTX Bankruptcy Cases, both related and unrelated to the Robinhood Assets, and that nothing in this Stipulation shall prevent any Party from doing so; provided that any claims, motions, or objections concerning the Robinhood Assets shall be consistent with the provisions of this Stipulation; and

**WHEREAS**, the Parties have engaged in arm's length negotiations regarding a stay of the Robinhood Assets Litigation.

**NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED** by and among the undersigned counsel for the Parties, as follows:

1. Recitals Incorporated. The recitals and paragraphs set forth above are hereby incorporated in full and made part of this Stipulation.

2. Approval of the Stipulation by the Bankruptcy Courts. This Stipulation shall be filed and submitted for approval by the respective debtor(s) in the BlockFi Adversary Proceeding, the BlockFi Bankruptcy Cases, the Emergent Bankruptcy Case, and the FTX Bankruptcy Cases. The effectiveness and enforceability of this Stipulation is conditioned on the respective Bankruptcy Courts approving the respective stipulations filed before them (and the provisions of Paragraphs 4 and 5 of this Stipulation are conditioned on both Bankruptcy Courts granting all the relief contemplated therein). The submission of this Stipulation for approval in any bankruptcy court shall not constitute a submission by any Party to the jurisdiction of that court, and all jurisdictional rights and arguments of the Parties with respect to any such proceeding are expressly reserved. No Party shall argue that any other Party consented to the jurisdiction of any court, or waived any jurisdictional argument involving the Robinhood Assets due to the filing and approval of the terms and conditions of this Stipulation.

3. Stay of the Robinhood Assets Litigation. Subject only to Paragraphs, 4, 5, and 7 below, the relevant Parties shall in good faith seek a stay of the BlockFi Adversary Proceeding and no Party shall commence or prosecute any other Robinhood Assets Litigation before any domestic or foreign tribunal, outside of the SBF Criminal Proceeding and Forfeiture Proceeding, until the Criminal Proceedings Conclusion; provided, however, nothing in this Stipulation shall restrict or prevent any Party from (i) filing proofs of claim with respect to the Robinhood Assets in any of the

BlockFi Bankruptcy Cases, the FTX Bankruptcy Cases, or the Emergent Bankruptcy Case; or (ii) filing pleadings or other documents in any bankruptcy proceeding or other forum necessary to preserve a Party's rights in the Robinhood Assets, including in response to any plan of reorganization that may be filed in any of the Parties' Bankruptcy Cases, or to safeguard a Party's rights and protections as a debtor in any insolvency proceeding. For the avoidance of doubt, unless otherwise set forth herein, until the Criminal Proceedings Conclusion, no Party shall file any pleadings or other documents requesting affirmative relief with respect to the Robinhood Assets outside of the Forfeiture Proceeding. For the further avoidance of doubt, nothing in this Stipulation shall prohibit any of the Parties from discussing, negotiating, or settling any disputes related to the Robinhood Assets or otherwise as among themselves, subject to any approvals or other procedures that would apply independently of this Stipulation.

4. Emergent Stay Stipulation. If BlockFi requests, Emergent shall stipulate to relief from the automatic stay in the Emergent Bankruptcy Case for the limited purpose of permitting BlockFi to file and serve an amended complaint in the BlockFi Adversary Proceeding, including against Emergent. If the Delaware Bankruptcy Court approves such stipulation and modifies the stay, and if BlockFi files an amended complaint in the BlockFi Adversary Proceeding, then BlockFi shall thereafter immediately seek a stay of the BlockFi Adversary Proceeding from the New Jersey Bankruptcy Court until after the Criminal Proceedings Conclusion.

5. BlockFi Stay Stipulation. If Emergent requests, BlockFi shall stipulate to relief from the automatic stay in the BlockFi Bankruptcy Case for the limited purpose of permitting Emergent to file and serve a complaint commencing an adversary proceeding against BlockFi in the Delaware Bankruptcy Court related to the Robinhood Assets (the "Emergent Adversary Proceeding"). If the New Jersey Bankruptcy Court approves such stipulation and modifies the stay, and if Emergent files such a complaint, then Emergent shall thereafter immediately seek a stay of

that adversary proceeding from the Delaware Bankruptcy Court until after the Criminal Proceedings Conclusion.

6. Discovery. Consistent with a stay of all Robinhood Assets Litigation, the Parties agree that they will not seek discovery before any domestic or foreign tribunal from (i) any other Party or (ii) any defendant in the SBF Criminal Proceeding, in each case only with respect to interests in, ownership of, rights or claims to, or liens with respect to, the Robinhood Assets (the “Robinhood Assets Subject Matter”) until the conclusion of the SBF Criminal Proceeding. Notwithstanding any other provisions of this Stipulation:

a. within 90 days after the effectiveness of this Stipulation, each Party shall provide to the other Parties those documents and communications (including electronically stored information) within such Party’s possession, custody, or control that, in such Party’s good faith determination, relate to the Robinhood Assets Subject Matter (including, without limitation, documents and communications that, in such Party’s good faith determination, relate to any claim or defense in the BlockFi Adversary Proceeding or the Emergent Adversary Proceeding);

b. if at any time thereafter a Party discovers or receives any document or communication (including electronically stored information) not already provided hereunder that, in such Party’s good faith determination, relates to the Robinhood Assets Subject Matter, such Party shall provide such document or communication reasonably promptly to the other Parties;

c. within 90 days after the effectiveness of this Stipulation, Emergent shall identify to BlockFi and FTX all defenses it intends to assert in the BlockFi Adversary Proceeding (and, if BlockFi files an amended complaint in the BlockFi Adversary Proceeding, within 45 days after such filing, identify all additional defenses Emergent



intends to assert);

d. with respect to the obligations set forth in Paragraph 6 of this Stipulation, no Party shall be required to re-produce documents that have already been publicly filed in any of the BlockFi Bankruptcy Cases, the FTX Bankruptcy Cases, and/or the Emergent Bankruptcy Case;

e. aside from the provisions set forth in Paragraphs 6 and 7 of this Stipulation, no Party may seek any formal discovery from any other Party concerning the Robinhood Assets Subject Matter prior to the Criminal Proceedings Conclusion without leave of Court for good cause shown; and

f. any Party may seek from or provide to any other Party information on an informal basis relating to any subject.

7. Forfeiture Proceeding Rights Reserved. Nothing in this Stipulation affects or encumbers in any way a Party's procedural or substantive rights, claims, or defenses that may be asserted in any Forfeiture Proceeding involving the Robinhood Assets or any existing right to participate in such Forfeiture Proceeding. For the avoidance of doubt, no Party shall object to any other Party raising any rights, claims, or defenses in the Forfeiture Proceeding that the other Party could have raised in any of the litigations being stayed pursuant to this Stipulation. Nothing in this Stipulation affects or encumbers in any way a Party's procedural or substantive rights, claims, or defenses that may be asserted in any other criminal, civil, or forfeiture proceedings not specifically included in this Stipulation.

8. Proofs of Claim. If a bar date for filing a proof of claim in the BlockFi Bankruptcy Cases, the Emergent Bankruptcy Case, and/or the FTX Bankruptcy Cases occurs before the Criminal Proceedings Conclusion, any Party may file such proof or proofs of claim. BlockFi, Emergent, and FTX may object to any such claims to preserve rights as necessary, but the relevant

Parties shall work in good faith, and shall seek the appropriate Bankruptcy Court's permission, to defer all prosecution and adjudication of any objection to any portion of such claim asserting interests in, ownership of, rights or claims to, or liens with respect to the Robinhood Assets within the applicable Bankruptcy Case until after the Criminal Proceedings Conclusion.

9. General Reservations of Rights. Nothing in this Stipulation (including the recitals incorporated herein) shall constitute an admission on a factual issue or a concession on a legal issue or shall in any way affect or encumber any Party's claims and defenses against another Party or any Party's interests in, ownership of, rights or claims to, or liens with respect to the Robinhood Assets. Neither this Stipulation, nor the provision of documents and communications hereunder, shall constitute an admission as to the relevance of any document or communication to any claim, defense, or proceeding. Nothing in this Stipulation shall affect, encumber, or restrict any Party from seeking discovery from any person (i) in the Forfeiture Proceeding or after the conclusion of the SBF Criminal Proceeding or (ii) at any time on any subject or issue, including in any bankruptcy proceeding, except as set forth in Paragraph 6. Further, nothing in this Stipulation shall affect, encumber, or restrict any inter-estate discovery occurring within the Parties' respective bankruptcy cases. Nothing in this Stipulation in any way affects or encumbers any Party's rights to assert or otherwise pursue any claims, causes of action, interests, rights, or defenses against another Party, including in the BlockFi Bankruptcy Cases, the Emergent Bankruptcy Case, or the FTX Bankruptcy Cases, other than with respect to the Robinhood Assets prior to the Criminal Proceedings Conclusion as set forth in this Stipulation. Nothing in this Stipulation shall preclude any party from complying with requests from the Government or cooperating with any government investigation. Nothing in this Stipulation prohibits the Parties from taking procedural or administrative actions to maintain their respective Bankruptcy Cases. Nothing in this Stipulation shall prevent Emergent's Liquidators from acting (or causing Emergent to act) in accordance with

their duties as court-appointed liquidators (i) in connection with litigation between Emergent and Mr. Bankman-Fried in Antigua (including without limitation litigation in claims ANUHCV 0456/2022 and ANUHCV 0480/2022 and any appeals therefrom), and (ii) insofar as they may be ordered or directed by any court with jurisdiction over the Emergent's liquidation proceeding provided, however, in doing so Emergent's liquidators may not pursue a ruling or judgment determining interests in, ownership of, rights or claims to, or liens with respect to the Robinhood Assets, including without limitation to determine the validity or allowance of any Party's claims against Emergent or any Party's alleged interests in the Robinhood Assets, beyond what is provided for in this Stipulation, while this Stipulation is in effect.

10. Jurisdiction. Each of the Courts presiding over the BlockFi Bankruptcy Cases, the Emergent Bankruptcy Case, and the FTX Bankruptcy Cases shall retain concurrent jurisdiction to hear and determine matters arising from or relating to the implementation, interpretation, and enforcement of this Stipulation. Any Party may apply to the Court in which that Party's bankruptcy proceedings are pending for relief from the terms of this Stipulation at any time, and such relief shall be granted only upon a showing of good cause upon notice to all Parties. Nothing in this Stipulation shall prevent Emergent from filing a proposed cross-border administration protocol and/or seeking instructions from the courts in the U.S. and/or in Antigua insofar as consistent with this Stipulation.

11. Governing Law. This Stipulation shall be governed by, and construed in accordance with, the law of the State of New York, without regard to conflict-of-law principles.

12. Entire Agreement. This Stipulation constitutes the entire agreement among the Parties, and may not be changed, modified or altered in any manner, except in writing, signed by each Party.

13. Execution in Counterparts. This Stipulation may be executed in one or more

counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. Any signature delivered by a Party electronically shall be deemed an original signature hereto.

**STIPULATED AND AGREED TO BY:**

Dated: April 11, 2023  
Wilmington, Delaware

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**EXHIBIT 2**

**Transcript**



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UNITED STATES BANKRUPTCY COURT  
DISTRICT OF DELAWARE

IN RE: . Chapter 11  
. Case No. 23-10149 (JTD)  
.   
.   
. Courtroom No. 5  
. 824 Market Street  
Debtor. . Wilmington, Delaware 19801  
.   
. Tuesday, March 14, 2023  
. 10:00 a.m.  
. . . . .

TRANSCRIPT OF HEARING  
BEFORE THE HONORABLE JOHN T. DORSEY  
UNITED STATES BANKRUPTCY JUDGE

APPEARANCES:

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MOTION:

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Item 1: BlockFi's Motion for Entry of an Order  
Dismissing the Debtor's Chapter 11 Case  
[D.I. 32, filed on February 16, 2023]

8

Agenda

Item 2: Debtor's Motion for Entry of an Order (I)  
Directing Joint Administration of Its Chapter  
11 Case and (II) Granting Related Relief  
[D.I. 38, filed on February 28, 2023]

Court's Ruling:

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RELATED MATTERS:

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I. FTX Debtors' Objection to BlockFi's Motion to  
Strike [D.I. 73, filed on March 13, 2023]

Court's Ruling:

4

1 (Proceedings commence at 10:02 a.m.)

2 (Call to order of the Court)

3 THE COURT: Please be seated.

4 I will go ahead and turn it over to debtor's  
5 counsel to run the agenda -- well, before we begin, on the  
6 motion to strike I have read the papers and I am going to  
7 deny that motion. Clearly, the FTX debtors and, by  
8 extension, the FTX creditor's committee has standing. The  
9 facts of this case are pretty convoluted, but they can be  
10 broken down, I think, fairly succinctly.

11 Emergent claims that it owns certain Robinhood  
12 shares. Alameda asserts those shares were purchased with  
13 their assets and, therefore, belong to them. The other FTX  
14 debtors assert that Alameda used their assets to purchase the  
15 shares and, therefore, they belong to them. BlockFi asserts  
16 it owns the shares by virtue of a pledge agreement whereby  
17 Emergent pledged the shares as collateral on Emergent's  
18 guarantee of a \$600 million loan from BlockFi to Alameda.  
19 And Emergent claims that the pledge agreement is invalid and  
20 that even if it is valid those shares can be recovered as a  
21 fraudulent transfer.

22 It seems pretty clear to me there is standing all  
23 around. So, that motion is denied.

24 In connection with the motion to dismiss I am going  
25 to need some help here because it seems to me that -- well,

1 let me backup. At this point the shares are being held by  
2 the Federal Government. They were seized by the Government  
3 in connection with the criminal case against Mr. Sam Bankman-  
4 Fried. If Mr. Fried is convicted, there will then be a  
5 process to determine whether the shares are the proceeds of  
6 his criminal activity. And if so, then the shares will be  
7 forfeited; however, those asserting an interest in those  
8 shares will have an opportunity to participate in the  
9 forfeiture proceeding to claim that the shares do not belong  
10 to the Government, that they have a superior claim to those  
11 shares.

12 Who is going to participate in that proceeding? Is  
13 it going to be BlockFi? Alameda? Emergent? The other FTX  
14 debtors? What is the District Court going to decide?

15 The District Court has exclusive jurisdiction. So,  
16 what is the District Court going to decide? Is it going to  
17 say -- is it going to pick amongst all those entities which  
18 one's own the shares or is the District Court just going to  
19 say those shares -- the Government does not -- these parties  
20 clearly have some interest superior to the Governments, so go  
21 back from whence you came, and figure out who amongst you is  
22 the one who owns them.

23 Where does it go? Does it go to the District Court  
24 -- excuse me, the Bankruptcy Court in New Jersey where  
25 Emergent's bankruptcy is pending, or does it come back here

1 where FTX's and Alameda's bankruptcy is pending. All  
2 unanswered questions. I don't know what is going to happen.

3 So, everything is up in the air at this point. So,  
4 I am struggling with why in the world I would dismiss the  
5 case at this point in time. Those are all unanswered  
6 questions that have to be answered before anybody is going to  
7 know whose assets these are. And it could turn out that they  
8 are Emergent's, and if they're Emergent's then they have to  
9 be administered here in this Court. If they are BlockFi's  
10 then they have to be administered in BlockFi's bankruptcy in  
11 New Jersey.

12 So, with that I will go ahead and turn it over.  
13 Are we starting with the motion to dismiss?

14 MR. BARILLARE: Good morning, Your Honor. Jody  
15 Barillare from Morgan, Lewis in Wilmington on behalf of the  
16 debtor. With me today are my colleagues Josh Dorchak from  
17 New York and John Goodchild from Philadelphia. Also with us  
18 today is Angela Barkhouse, one of the joint provisional  
19 liquidators.

20 THE COURT: Thank you.

21 MR. BARILLARE: Thank you.

22 MR. DORCHAK: Your Honor, I just wanted to take two  
23 seconds. Joshua Dorchak of Morgan, Lewis on behalf of the  
24 proposed counsel for the debtors.

25 Just to introduce, again, John Goodchild and Angela

1 Barkhouse are potential witnesses today, and also to thank  
2 the Court, the Courtroom Deputy, the whole staff for helping  
3 us deal with the travel problems we had. I just want to  
4 express our appreciation to everyone including counsel to the  
5 other parties for helping us work through those last minute  
6 problems. We managed to make new arrangements, and we're  
7 here, and we're ready to go.

8 THE COURT: Thank you.

9 MR. ABBOTT: Good morning, Your Honor. Derek  
10 Abbott of Morris Nichols here for BlockFi.

11 Your Honor, Charlie Jones from Haynes & Boone is  
12 going to be handling the motion to dismiss. I believe his  
13 *pro hac* has been signed, so I just wanted to introduce him to  
14 the Court.

15 THE COURT: Okay. Thank you.

16 MR. JONES: Good morning, Your Honor. Charlie  
17 Jones with Haynes & Boone on behalf of BlockFi.

18 I'm happy to proceed however the Court would like.  
19 I think it is our motion. I can make some introductory  
20 remarks then move some small pieces of evidence into the  
21 record and then let the debtor proceed with its argument, and  
22 evidence, and then they can cross-examine the witnesses as  
23 they are presented.

24 THE COURT: All right. Go ahead -- well, go ahead  
25 and do your opening. I will give the debtors an opportunity

1 to do an opening, and then we will go from there.

2 MR. JONES: Thank you, Judge.

3 So, we are here on BlockFi's motion to dismiss this  
4 bankruptcy under Docket 32. We move under two independent  
5 prongs, Your Honor; one that Emergent has not property in the  
6 United States and what I really think is the larger focus of  
7 this petition. Its not filed in good faith. Specifically,  
8 under the Integrated case.

9 As you said, this all stems from a two-party  
10 dispute that was started when BlockFi filed its bankruptcy  
11 and its adversary on November 28th seeking a declaration,  
12 among other things, that its pledge agreement with Emergent  
13 with valid and enforceable, and sought disposition of the  
14 shares. BlockFi has a secured interest in those shares and  
15 that's at Exhibit A-6 through the pledge agreement.

16 Since that time on the 9th of January Judge Kaplan,  
17 at a hearing in the adversary proceeding, has found that  
18 BlockFi has demonstrated a property interest in those shares  
19 and that property interest is protectable under 361, entitled  
20 to protection under 361.

21 It is undisputed, as Your Honor said, that the  
22 Government has seized the shares and some proceeds from  
23 there, about \$55 million worth of the shares and \$20 million  
24 of proceeds from those shares from merits. The Government's  
25 detailed seizure is at Exhibit B-3-1 in Docket 32-3 in this



1 case.

2           So, now we have two courts other than this one that  
3 are overseeing the Emergent shares. As you said, the  
4 Southern District of New York District Court in a  
5 civil/criminal forfeiture proceeding and the New Jersey  
6 Court. I wish I had a better answer to Your Honor's question  
7 what happens in the forfeiture proceeding. There is just not  
8 a lot of authority that we have been able to locate in that  
9 regard.

10           Whether the District Court in New York will, as you  
11 say, adjudicate whether the Government has superior rights,  
12 vis-à-vis other parties, or whether the District Court is  
13 actually going to adjudicate the claims amongst the parties  
14 in this case including the FTX debtors. I think that is  
15 still up in the air a little bit, Your Honor.

16           THE COURT: I agree. I think its -- I think the  
17 District Court might have a problem with trying to decide  
18 amongst various debtor entities, including bringing in issues  
19 of fraudulent transfer and preferences.

20           MR. JONES: I don't disagree with Your Honor. We  
21 have looked at that. We are still in the process of  
22 analyzing those issues and, you know, whether we have to  
23 brief them in the Bankruptcy Court in front of Your Honor in  
24 either this case or the FTX case, Judge Kaplan in the New  
25 Jersey BlockFi action, or the District Court, the other Judge

1 Kaplan. It is just a little bit unclear right now.

2 What I can say is that there are two actions filed  
3 before this case and there is no reason why the validity and  
4 enforceability of Emergent/BlockFi pledge agreement should  
5 not be litigated in the New Jersey Court if the Southern  
6 District of New York Court decides not to take up that  
7 action.

8 THE COURT: That is not the issue in front of me  
9 today. The issue in front of me today is do I dismiss this  
10 case.

11 MR. JONES: I understand, Your Honor. But you were  
12 asking what might happen either way there, but that is how I  
13 see that particular issue playing out and whether, you know,  
14 BlockFi has a superior right, at least vis-à-vis the pledge  
15 agreement, to those shares. As Judge Kaplan has said, you  
16 know, his courtroom is open to litigate those issues and he  
17 intends to exercise his jurisdiction in that adversary  
18 proceeding over the pledge agreement.

19 I will say the DOJ has not been shrinking violet on  
20 these issues. They have contacted counsel for BlockFi. And I  
21 am fairly certain, although I can't swear to it, that they  
22 contacted counsel for Emergent, the debtor here, and counsel  
23 for the FTX debtors and they have made it clear, at least  
24 very clear to us, that they do not want anything in the  
25 Bankruptcy Courts, any litigation over these HOOD shares to

1 interfere with the prosecution of Mr. Bankman-Fried in the  
2 Southern District of New York.

3 They don't want the litigation over those rights.  
4 Particularly they are very much opposed to discovery being  
5 taken with respect to the HOOD shares and they have signaled  
6 that they don't believe any order of any of these Bankruptcy  
7 Courts is going to be binding on the Government with respect  
8 to the Emergent shares.

9 THE COURT: Well, isn't that what you are asking me  
10 to do today? You're asking me to rule that Emergent has no  
11 property in the United States because BlockFi owns those  
12 shares, right?

13 MR. JONES: No, sir. What we are saying is that  
14 Emergent has no property in the United States because the  
15 property has been seized prior to the bankruptcy filing by  
16 the United States Government; meaning that that property is  
17 not property of the estate. I will get to that point in a  
18 minute. We are not asking for dismissal of this case.

19 THE COURT: Then wouldn't that also mean your case  
20 needs to be dismissed in New Jersey because the Government  
21 seized -- unless you have other assets, I don't know, maybe  
22 you do.

23 MR. JONES: Yes. That is a good point, Your Honor.  
24 BlockFi has significant other assets and other claims and  
25 other real creditors that have to be administered

1 irrespective of the Emergent shares, the HOOD shares.  
2 Emergent doesn't, and that is the real difference here.  
3 There is no property in the United States other than a  
4 retainer that was wired from a litigation fund.

5 Our understanding, in talking to Mr. Goodchild  
6 about this, directly to Mr. Goodchild's firm the same day, at  
7 least based on what we know in the schedules, the same day  
8 this action was filed. So, that is their basis of their  
9 property in the United States.

10 We think, and I can flip to it, that the In Re  
11 Thane [phonetic] and the VPH Pharma [phonetic] case are  
12 pretty clear that property seized by the Government prior to  
13 the filing of the bankruptcy is not property of the  
14 bankruptcy estate because they can't use it. The debtor  
15 can't use it, it can't be disposed of, it can't be  
16 transferred, its just not there.

17 So, they may have some legal right to it, although  
18 we contend that the legal right was transferred when we  
19 demanded a merits turnover of the shares pursuant to our  
20 power of attorney. Regardless, they only have some legal  
21 right to it. They don't have equitable right to it. They  
22 can't use it. They can't pay anybody with it. So, it is not  
23 property of their estate.

24 BlockFi would agree to the stay of this proceeding,  
25 Your Honor, under the right conditions primarily that the

1 initial claims in the forfeiture proceeding are left to the  
2 decision of the Government -- the Court in the Southern  
3 District of New York after which time if we need to reopen  
4 these various cases to deal with the issues that you have  
5 raised in your opening we would be willing to that. I know  
6 we have been in discussions with counsel for the debtor here,  
7 counsel for the FTX debtor, and the Government has actually  
8 circulated a proposed stipulation. Everyone is working on  
9 comments to that.

10 It has got to be a situation where our adversary is  
11 stayed, this case is stayed, the FTX debtors participate in  
12 the agreement. And, you know, we all go to the Southern  
13 District of New York for, at least, the initial  
14 determinations.

15 THE COURT: Well, I can guarantee you I'm doing  
16 nothing that is going to effect the ownership for those  
17 shares. I am not going to make any rulings one way or the  
18 other on who owns those shares. That is not my decision at  
19 this point. That is up to the forfeiture proceeding in the  
20 Southern District.

21 MR. JONES: I appreciate --

22 THE COURT: So, why am I wasting my time here. Why  
23 don't you go out in the hallway, and agree to that, and we  
24 can just go -- we will stay this proceeding and we can go our  
25 merry way.

1 MR. KANOWITZ: May I be heard, Your Honor?

2 THE COURT: Sure.

3 MR. KANOWITZ: For the record Richard Kanowitz of  
4 Haynes & Boone. We are debtor's counsel, as you are aware -  
5 for BlockFi.

6 Thank you, Your Honor. Thank you very much for  
7 that direction because since I've had the initial discussion  
8 with the FTX debtors about being a fiduciary to victims,  
9 because that is really who is going to get this money. It is  
10 not going to be a corporation, its not going to be FTX  
11 debtors, it's not going to be Emergent. Its not even going to  
12 be BlockFi. It is going to be the victims of the fraud. And  
13 the victims of the fraud, if the Government decides it's the  
14 FTX debtor's creditors, plus BlockFi creditors, which we  
15 believe it should be, that won't be determined by you, by  
16 Judge Kaplan, or anyone else.

17 So, from the beginning of the time that we filed  
18 our adversary proceeding I have been asking for some  
19 fiduciaries to come up and stop the waste of resources both  
20 judicial as well as legal. We have agreed with the DOJ, and  
21 this happened before Emergent filed their bankruptcy. I will  
22 just walk you back of what happened.

23 January 9th we had a hearing in front of Judge  
24 Kaplan and Judge Kaplan made it clear to the FTX debtors who  
25 participated as well as to the JPL's by Morgan Lewis who were

1 just JPL's in Antigua that he had jurisdiction, that the  
2 automatic stay under 362 applied, and that his doors were  
3 open. So, he also directed that we needed to file an amended  
4 adversary proceeding complaint. So, we drafted that.

5 Then the Government called us and they said we want  
6 to see a copy of that adversary proceeding complaint. We  
7 shared it to them. And ensuing weeks happened where we were  
8 discussing it and we didn't file it. We didn't file the  
9 amended complaint. We had it. The Government made it very  
10 clear to us filing the amended complaint, which would raise  
11 all of the issues that we are highlighting at the beginning,  
12 would be two problems for them:

13 One, an interference with criminal prosecution of  
14 Sam Bankman-Fried because all of the witnesses on the  
15 FTX/Emergent side are either indicted, plead guilty, or  
16 something is going to interfere with the prosecution itself.

17 Second, the determination of any of the merits on  
18 the validity of the BlockFi pledge and guarantee are going to  
19 be raised in the forfeiture proceedings, nowhere else. They  
20 will come down on everybody either through contempt sanctions  
21 or otherwise to handle anybody's attempt to try to move the  
22 cases forward.

23 With that knowledge we went to our client and we  
24 said, okay, this is what we are going to do. We are going to  
25 file the amended complaint and we're going to seek a stay,

1 okay, stay of the adversary proceeding complaint. Why were  
2 we going to do that; Judge Kaplan directed us to file an  
3 amended complaint, we didn't want to violate his ruling. We  
4 didn't want to fight with the DOJ about where these issues  
5 should be decided after we did all of the case law that Your  
6 Honor knows and has read in our brief to stop the madness.

7 Why fight if we are not going to get a resolution.  
8 We are fiduciaries. We have creditors who are owed over a  
9 billion dollars. We have a billion dollars tied up in FTX's  
10 bankruptcy case. So, we agreed to stay.

11 Now what happened, Emergent filed bankruptcy. So,  
12 they get the benefit of the (indiscernible). I told Judge  
13 Kaplan this yesterday, and I said exactly what would happen  
14 that if Your Honor dismissed this case we would file the  
15 amended complaint and we would seek to stay that pending  
16 determination of the forfeiture proceeding.

17 My understanding is that while I have had multiple  
18 agreements with the DOJ to proceed that way, Emergent hasn't  
19 agreed and especially the FTX debtors don't agree. We  
20 drafted the stipulation. We gave it to Mr. Goodchild. He  
21 sent back a copy. Couldn't read it just yet because we're in  
22 the midst of this litigation and we have, you know, Silicon  
23 Valley Bank and other issues that popped up over the weekend.  
24 The point is we understand that the FTX debtors won't sign  
25 it.



1 Now there is no doubt that in the FTX bankruptcy  
2 case BlockFi will come to Your Honor at some point and say we  
3 have claims against them, but we don't have to argue over the  
4 HOOD shares and whether we're a secured creditor on those  
5 shares. We have other collateral and one day we will do that  
6 when Your Honor submits a bar date.

7 The determination of the validity of the pledge or  
8 security of the HOOD shares, whether it be against Alameda or  
9 against Emergent, doesn't need to be decided and shouldn't be  
10 decided. And if we try to decide it the Government is going  
11 to do things to all of us.

12 So, again, I harken back, you ask why dismiss the  
13 case you don't have to if you stay everything. If we don't  
14 get stuck with a claims objection process where we have to  
15 come to this Court and then potentially ask Your Honor to  
16 stay that claim objection process they have to come to our  
17 Court if they want to lift the automatic stay to allege  
18 fraudulent transfer litigation. They can't just sue us in  
19 your Court. They have to come to Judge Kaplan.

20 Why go through all of those resources for the  
21 detriment of the victims of the fraud. Why don't we just  
22 stay everything, put placeholders in each other's Court if we  
23 have to that doesn't prejudice anybody's rights and let's see  
24 what happens in the Southern District of New York either  
25 through the prosecution or the forfeiture.

1 I suspect that the DOJ at the end of the process,  
2 many years from now, when some estate fiduciary from BlockFi,  
3 or Emergent, or FTX stands up they may say I don't want to  
4 hear you guys. We have victims that we are going to  
5 compensate.

6 So, I would say, Your Honor, yes, we should stop  
7 the madness and we should enter a stipulation that doesn't  
8 create prejudice to anybody's rights, doesn't drain resources  
9 and allows both BlockFi because, like Mr. Jones said, we may  
10 sell our platform. Emergent is in a HOOD share is a  
11 microscopic issue. Important, but its not going to change  
12 whether BlockFi emerges from bankruptcy or not. It will  
13 change whether our creditors get a huge distribution because  
14 there's \$500 million at stake and we're owed a billion  
15 dollars from Emergent, Alameda, and BlockFi.

16 So, I would agree with Your Honor. We should stop,  
17 we should stay, we should agree to proceed as fiduciaries to  
18 protect clients.

19 THE COURT: Let me hear from the debtors on this  
20 stay issue.

21 MR. DORCHAK: Your Honor, if we're going to hear on  
22 this subject --

23 THE COURT: You can come up to the podium.

24 MR. DORCHAK: Joshua Dorchak again, Your Honor.

25 My partner, John Goodchild, is the person who has

1 been having the conversations on our side including  
2 conversations with BlockFi's counsel. So, if you don't mind,  
3 Your Honor, we are saving the legal argument and the formal  
4 presentation for later. I will let him, sort of, give the  
5 counter.

6 THE COURT: Well, if we even get there today  
7 because I might just tell you to go away and work this out,  
8 and come back.

9 MR. DORCHAK: One step at a time, Your Honor. Can  
10 John Goodchild --

11 THE COURT: Yeah, absolutely.

12 MR. GOODCHILD: Your Honor, John Goodchild, Morgan,  
13 Lewis, on behalf of the debtors. Good morning.

14 THE COURT: Go ahead.

15 MR. GOODCHILD: A few things. First, part of what  
16 has been going on has been driven by BlockFi's aggressive  
17 moves. You heard part of that story, but what wasn't said  
18 was we, on behalf of Emergent, reached out to BlockFi  
19 immediately after BlockFi raised the issue back in December  
20 and had a conversation in which we discussed not having  
21 litigation and having an exchange of information. We thought  
22 we were on our way to a constructive conversation along those  
23 lines. That is one.

24 Two, we, on behalf of Emergent and on behalf of the  
25 Joint provisional liquidators, asked BlockFi and the New

1 Jersey Bankruptcy Court for more time to respond to the  
2 litigation that BlockFi brought and BlockFi objected to that,  
3 and hauled us to Trenton New Jersey only to have Judge Kaplan  
4 give us the time we were asking for.

5           Then, after that the Department of Justice did get  
6 in touch with us and did express the concern that litigation  
7 between the parties -- and, Your Honor, I'm emphasizing the  
8 word "litigation" because we have a Chapter 11 bankruptcy  
9 before you today versus an adversary proceeding in a Chapter  
10 11 bankruptcy in New Jersey. The DOJ's concern, as expressed  
11 to us, was litigation between the parties in the various  
12 bankruptcy courts would interfere with the prosecution. And  
13 they expressed a much narrower concern than Mr. Kanowitz  
14 expressed.

15           When the DOJ articulated those concerns in a draft  
16 stipulation quite recently those concerns were expressed in  
17 terms of preventing the litigation toward a judgement on the  
18 very thing Your Honor has already said Your Honor is not  
19 willing to do which is adjudicate who has rights in and who  
20 has superior rights in the HOOD shares. That is not before  
21 you today, Your Honor.

22           The issue is one that has been talked about among  
23 the parties. It is true, Mr. Kanowitz sent me a proposed  
24 stipulation that was a re-write of the DOJ's on Saturday  
25 morning. It is true that I worked very hard to come up with

1 what I thought we could live with and sent that back to him  
2 on Sunday. It is also true, Your Honor, that in a  
3 conversation with Mr. Kanowitz on Sunday I asked him if he  
4 would withdrawal the motion to dismiss the Chapter 11 because  
5 where he, himself, thinks things are headed is that whether  
6 Emergent is in bankruptcy or not is not really the central  
7 issue with respect to the HOOD shares.

8           So, my comment to Mr. Kanowitz was why put  
9 everybody through the trip to Wilmington. Why have Angela  
10 Barkhouse get on a plane from the Cayman Islands to come up  
11 here to testify. Why do all for that. Why not just  
12 withdrawal.

13           Mr. Kanowitz, who has said to you he is primarily  
14 concerned about stopping the madness and keeping the  
15 attorney's fees down, said, no, we're going forward on  
16 Tuesday. So, here we are.

17           And before I pass the podium I should also mention  
18 that part of the reason why Emergent filed for bankruptcy is  
19 that BlockFi and Sam Bankman-Fried have been agitating and  
20 litigating in Antigua. So, at the very same time that  
21 BlockFi is litigating in New Jersey forcing Emergent to spend  
22 resources there, BlockFi is throwing in with Sam Bankman-  
23 Fried in front of the High Court in Antigua forcing the JPL's  
24 to spend money to remain in control of the company so that  
25 Sam Bankman-Fried doesn't get control.

1 All of which I have found no reason to say to Your  
2 Honor until Mr. Kanowitz just did what he just did which I  
3 found to be extraordinary. So, Your Honor, nobody here is  
4 standing in the way of trying to reach a deal that would  
5 limit the litigation.

6 I don't think staying a Chapter 11 is the right  
7 answer. My personal view is, the Chapter 11 should continue;  
8 my personal view is, the Chapter 11 should be administered as  
9 efficiently as possible -- and we have a motion on for that  
10 today as well -- and personal view, Your Honor, is the deal  
11 that should be reached by the parties should be one in which  
12 the parties don't interfere with the criminal prosecution,  
13 but the parties do exchange information, so that when the  
14 time comes in front of the appropriate court to hash out  
15 which entity should be representing the HOOD shares at the  
16 hypothetical table around what happens next, that we all have  
17 the same fact set and we're prepared to have that litigation,  
18 wherever it happens, as efficiently as possible.

19 Thank you, Your Honor.

20 THE COURT: So what else is there to do in this  
21 Chapter 11, other than joint administration, which is on for  
22 today, what else is there? What other assets does Emergent  
23 have that need to be administered at this point?

24 MR. GOODCHILD: Emergent doesn't have any other  
25 assets to be administered, that's true, Your Honor, but there

1 is a very significant question with respect to who is a  
2 legitimate creditor of Emergent, separate and apart from the  
3 BlockFi issue.

4           Your Honor mentioned that FTX has a claim, that's  
5 an intercompany and we can deal with that without the bar  
6 date process, but you can see -- if you read in Angela  
7 Barkhouse's affidavit, the whole reason the Antiguan  
8 proceeding came to be in the first place was the submission  
9 of the claim by a creditor who is also a customer of FTX.  
10 And the allegation is that that customer can trace assets  
11 stolen from that customer's account through Alameda into the  
12 HOOD shares.

13           Figuring out whether that creates a claim against  
14 Emergent and whether there are other people out there who are  
15 similarly situated, that is something that could legitimately  
16 be done efficiently in the Chapter 11 process.

17           THE COURT: Well, that's still going to affect the  
18 issue of who owns those shares and that is something I'm not  
19 prepared to do until the forfeiture proceeding is terminated  
20 in New York.

21           MR. GOODCHILD: Your Honor, I certainly understand  
22 what you're saying, but I guess I am a little confused. I  
23 would have said, understanding who the creditors are of  
24 Emergent puts Emergent in a position to be able to talk about  
25 why it has rights in whatever proceeding comes next with

1 respect to the shares.

2 In other words, I anticipate that one of the  
3 things that will be important in that proceeding, whether  
4 it's in the Southern District of New York or elsewhere, is  
5 who are the entities and whose interests do they really  
6 represent. It's one thing if Emergent is just a proxy for  
7 FTX, I mean, it's another thing if Emergent is just a proxy  
8 for BlockFi, but it's a third thing and a much different  
9 thing, I would expect, if Emergent stands as the proxy for  
10 creditors who are themselves victims who would not otherwise  
11 be claiming and collecting through the FTX estate.

12 So, Your Honor, with respect, I actually think the  
13 question of who Emergent's creditors are has a bearing on  
14 Emergent's role down the line.

15 THE COURT: Well, to the extent you're saying you  
16 want to exchange information so that the parties are prepared  
17 to make those arguments when the time comes, I don't have an  
18 issue with that, but to the extent you're telling me you want  
19 me to rule on those issues, I'm hesitant to do that.

20 MR. GOODCHILD: I think I'm saying the first thing  
21 you said, absolutely, which is, I do think there should be a  
22 forum for exchange of information. I think being in Chapter  
23 11 helps with that and that's one of the reasons why we  
24 filed. But I'm also saying knowing who comes forward to  
25 claim an interest as a creditor is itself important, not the



1 act of asking Your Honor to adjudicate those claims, that --  
2 we have a lot of time for that -- it's more the act of  
3 understanding who thinks they are a creditor and why, and the  
4 mere submission of claims I don't think would interfere with  
5 the DOJ or the criminal prosecution in any way.

6 THE COURT: So who else is claiming to be a  
7 creditor of Emergent other than BlockFi --

8 MR. GOODCHILD: FTX?

9 THE COURT: -- that you're aware of right now --  
10 and FTX, okay.

11 MR. GOODCHILD: What I'm aware of is FTX; Alameda;  
12 Mr. Ben Shimon (ph), who is the petitioning creditor in  
13 Antigua. There may be other people who have come forward and  
14 identified themselves to the JPLs because, remember, there  
15 was an Antigua proceeding, so the JPLs may be getting inbound  
16 that I'm not aware of. But my view is that, because of the  
17 way that Ben Shimon claims an interest, it's reasonable to  
18 believe that others could claim a similar interest.

19 THE COURT: All right. Let me ask, before I go  
20 back to Mr. Kanowitz, I see Mr. Shapiro is on the line for  
21 the Department of Justice.

22 Does the DOJ have any position on this issue, Mr.  
23 Shapiro?

24 MR. SHAPIRO: Good morning, Your Honor, Seth  
25 Shapiro for the United States. The Government is not taking

1 a position on the motion to dismiss, Your Honor; however, we  
2 would encourage an exchange of information among the parties,  
3 but we agree with the Court that the criminal forfeiture  
4 proceeding and the criminal trial should be concluded so that  
5 the Southern District of New York can adjudicate these  
6 issues. And if the District Court in its view decides to  
7 transfer any of these issues or assign them back to a  
8 Bankruptcy Court, I think Your Honor is correct that we  
9 should leave that to the District Court to decide.

10 THE COURT: Do you have an issue, Mr. Shapiro, if  
11 the debtors, for example, were to -- the Emergent debtors I'm  
12 talking about -- there are so many debtors involved here --  
13 if the Emergent debtors were to proceed with setting a bar  
14 date so that they could receive proofs of claim, so they know  
15 who all their alleged creditors are, is that an issue the DOJ  
16 would have a concern about?

17 MR. SHAPIRO: Well, I can't speak for the Office  
18 of the U.S. Trustee, I don't work for them, but as far as the  
19 criminal prosecutors are concerned, I mean, there's been a  
20 bar date set in the FTX bankruptcy, there's been a bar date  
21 set in the BlockFi case. So I do not have an issue with a  
22 bar date being set in this case. However, you know, the  
23 Court should keep in mind, as I think the parties intimated  
24 that, under 21 U.S.C. 853, the exclusive jurisdiction for  
25 determining who has the interests in the shares and the funds

1 at issue is the District Court, it is not this Court or any  
2 other Bankruptcy Court.

3 THE COURT: Do you have any insight on what the  
4 District Court might do with regard to when we have multiple  
5 parties claiming that they are the owners of the the asset,  
6 what's going to happen? Is the District Court going to  
7 decide between the multiple parties who has the right claim  
8 or are they going to send it back down to the Bankruptcy  
9 Courts?

10 MR. SHAPIRO: The information I have from the  
11 criminal prosecutors, Your Honor -- I'm bankruptcy attorney  
12 for the Government, but the criminal prosecutors have  
13 indicated that they believe that the Southern District of New  
14 York will adjudicate all of these issues related to the  
15 criminal forfeiture.

16 There was some comment made earlier, I think, by  
17 counsel for BlockFi that this was going to be a civil  
18 forfeiture; that is not the plan. There is some hypothetical  
19 academic possibility it could be, but down the road -- but,  
20 more likely than not, it is going to be a criminal forfeiture  
21 and all these issues will be adjudicated by the U.S. District  
22 Court for the Southern District of New York, which is  
23 currently pending before Judge Kaplan.

24 THE COURT: Okay. Thank you, Mr. Shapiro.

25 MR. SHAPIRO: Thank you.

1 THE COURT: Does the U.S. Trustee have a position?

2 MR. HACKMAN: Good morning, Your Honor. May it  
3 please the Court, Ben Hackman for the U.S. Trustee.

4 I don't know that we have a position on this  
5 point. I think we would want to defer to Mr. Shapiro as a  
6 Government partner about the propriety of establishing a bar  
7 date to receive proofs of claim in Emergent's case. At this  
8 point, I think that's all I would submit to Your Honor.

9 THE COURT: Okay. Thank you.

10 MR. HACKMAN: Thank you.

11 THE COURT: Let me hear from --

12 MR. GLUECKSTEIN: Your Honor, may I be heard?

13 THE COURT: -- the FTX debtors. Go ahead.

14 MR. GLUECKSTEIN: Good morning, Your Honor. For  
15 the record, Brian Glueckstein, Sullivan & Cromwell, on behalf  
16 of the FTX debtors.

17 To address a few of the points here from Mr.  
18 Kanowitz's speech, Your Honor, from our perspective, I think  
19 the Court summarized the situation correctly at the outset.  
20 There are competing claims between the parties as to  
21 ultimately who should be the beneficiary of the Robinhood  
22 shares that have been seized. But let's be clear, everything  
23 that has happened up until today with respect to attempting  
24 to litigate the rights prematurely of those shares has been  
25 driven by BlockFi. They have filed an adversary proceeding

1 on the first day of their case, they have repeatedly tried to  
2 drag everybody to New Jersey, and have taken the position --  
3 we heard it this morning -- that this is a two-party dispute;  
4 despite Your Honor's comments that preceded it, it is not.

5           The questions, we think, are relatively  
6 straightforward in terms of once we get into litigation that  
7 BlockFi does not hold the position that it holds, that's  
8 obviously for another day. I think Your Honor is correct  
9 that nobody here right now knows whether the Southern  
10 District of New York is going to adjudicate not just the  
11 questions as between creditor versus the Government, but the  
12 inter-creditor disputes, or whether those ultimately will  
13 come back before either this Court or Judge Kaplan in New  
14 Jersey.

15           It will not surprise you, as Your Honor knows, we  
16 believe vis-a-vis the FTX debtors that those issues should be  
17 litigated before Your Honor, that these issues implicate the  
18 rights of many, if not all, of our millions of creditors.

19           But we do not have an issue and have never taken  
20 an issue with needing to litigate the rights with respect to  
21 the Robinhood shares now; we would be okay with putting that  
22 off. We have, despite Mr. Kanowitz's characterizations --  
23 and we haven't spoken directly to him on this topic, but we  
24 have talked to the Government, and Mr. Shapiro and his  
25 colleagues, and conveyed our views as to what would work.

1 But, in a nutshell, Your Honor, we have to be sure -- nobody  
2 knows better than Your Honor as to the issues that the FTX  
3 debtors are facing.

4           It was described a few moments ago that this issue  
5 is a microscopic issue in the BlockFi case; I don't know what  
6 that makes it here then. It's \$500 million, but we have much  
7 bigger issues that we need to address before Your Honor in  
8 the FTX cases and we need those cases to be able to proceed,  
9 and so any stay needs to be narrowly tailored to simply the  
10 adjudication of the respective rights between the Robinhood  
11 shares and any related discovery on that particularized  
12 issue.

13           And one of the big problems that we have is some  
14 sort of general discovery bar. And we've conveyed that to  
15 the Government and we don't believe that ultimately will be  
16 an issue, but, as Your Honor knows, the fact that numerous  
17 witnesses are going to testify in Mr. Bankman-Fried's trial  
18 cannot prevent what we need to do as the FTX debtors progress  
19 in the cases in this Court and the Government understands  
20 that, we're in contact with the Government regularly.

21           And so the question today that was presented was  
22 driven by BlockFi. Again, they moved to dismiss Emergent's  
23 case. Emergent filed a case, ostensibly, to preserve assets  
24 and, importantly, Your Honor -- and it was referred to by  
25 counsel for the debtor -- Mr. Bankman-Fried is proceeding in

1 Antigua to try to take back control of Emergent. That is a  
2 problem for us.

3 We certainly welcome, as we said in our papers,  
4 this filing from the perspective of it put a stay in place,  
5 it stopped the unnecessary litigation -- it didn't start it,  
6 it stopped it. Mr. Kanowitz talks about how he wants to stop  
7 the waste of resources. They're the ones that filed a motion  
8 to strike our pleading and made us respond to it on the idea  
9 that we didn't have standing, which Your Honor addressed at  
10 the outset of this hearing. So the idea that BlockFi is the  
11 party who's here trying to come up with a rational path  
12 forward is disingenuous.

13 From our perspective, Your Honor, I hear you loud  
14 and clear that Your Honor is not going to address the  
15 ownership issues prior to the criminal trial and those  
16 issues, I think, certainly can be put to the side. But I  
17 think, from our perspective, having the Emergent case  
18 pending, having Your Honor overseeing all of the issues  
19 relating to the FTX debtors, to the extent there are any  
20 issues to address with respect to Emergent, makes sense, but  
21 certainly we don't need to be proceeding with figuring out  
22 the questions between us and BlockFi and Emergent on the  
23 Robinhood shares today.

24 Thank you, Your Honor.

25 THE COURT: All right, here's what I want to do.

1 Clearly, there's some tension between the parties involved in  
2 this case and I want you to take a break now. My view is, as  
3 I've said, I am not going to make any ruling at all that will  
4 affect the ownership issue of the Robinhood shares, that's  
5 completely off the table. I agree that there needs to be an  
6 exchange of information and I agree that Emergent needs to  
7 have the ability to go forward with at least the bare minimum  
8 of what is required in the Chapter 11 to find out who's going  
9 to claim to be a creditor of their estate, and just filing a  
10 proof of claim to say they're a creditor doesn't have any  
11 impact on the ownership of those shares.

12 So, with that, with that guidance, I'm going to  
13 ask the parties to go talk. You can go in the hallway for a  
14 little bit. You can let me know whether there's a potential  
15 deal or whether there's not. If there is a potential deal,  
16 I'll send you home and see if you can come up with a  
17 stipulation; if there's not a potential deal, then we'll go  
18 forward with the hearing on the motion to dismiss. Okay?

19 All right, we'll recess. Just let chambers know  
20 when you're ready.

21 (Recess taken at 10:44 a.m.)

22 (Proceedings resumed at 11:35 a.m.)

23 MR. KANOWITZ: Your Honor, Richard Kanowitz,  
24 Haynes and Boone, counsel for the BlockFi debtors and  
25 debtors-in-possession.



1           We want to thank Your Honor for giving us the time  
2 to try to work through what the next steps are in connection  
3 with this case and the litigations that we have before you.  
4 I am hopeful that we are ultimately going to satisfy Your  
5 Honor that, at least for today, we have made progress. And I  
6 want to thank counsel for Emergent, as well as counsel for  
7 the FTX debtors, for undertaking the time we spent to  
8 constructively figure out, as we should as fiduciaries, the  
9 right way forward to get the most value for all our  
10 constituencies one day.

11           So, with that, Your Honor, what we'd like, subject  
12 to Your Honor's approval, of course, is the following. We'd  
13 like to use April 12th, which is the omnibus hearing in  
14 Emergent and I believe the FTX case, for a status conference,  
15 a status conference on whether or not we've accomplished what  
16 we seek to do, which is to enter a stipulation which  
17 basically shuts down any and all litigation concerning the  
18 HOOD shares and the requisite collateral from the HOOD  
19 shares. Obviously, the language we attempt to do that will  
20 have many permutations and I think we're all, I think,  
21 diligent enough and smart enough to get to that deal before  
22 April 12th. If we don't get a deal by April 12th, we're  
23 going to come to Your Honor potentially a couple days earlier  
24 with drafts of what each side believes should be the path  
25 forward for a true and complete stay with no gotchas.

1 And that's the issue, right? No gotchas. No  
2 filing claims within claim objections that raise the same  
3 issue, no filing different types of proceedings and then  
4 using HOOD as a weapon.

5 So our view is we're going to get to a  
6 stipulation, it's going to drive the path forward for the FTX  
7 debtors, the BlockFi debtors, as well as Emergent, and  
8 hopefully that gets done by April 12th. Each estate will  
9 ultimately have their court approve it. I mean, we have a  
10 creditors committee who's very vocal in our case, represented  
11 by Brown Rudnick and others, and we're going to have to pass  
12 that through, but we're hopeful that each estate will come to  
13 a resolution that Your Honor will ultimately approve in  
14 connection with Emergent and FTX and Judge Kaplan will  
15 approve in connection with BlockFi.

16 As to today's proceeding, Your Honor, we've heard  
17 from Emergent, they would like us to withdraw the motion, and  
18 we are willing to withdraw the motion without prejudice. But  
19 what we said to the parties, subject, again, to Your Honor's  
20 approval to allow us to withdraw it without prejudice, is if  
21 we're not making progress, we're going to re-file this for  
22 the May omnibus hearing here in Emergent because that is just  
23 an utter failure of all of us to our constituency.

24 And, look, we understand what Your Honor said.  
25 While we don't necessarily have to debate the merits of

1 having Emergent exist for purposes of claim process, but  
2 we'll address that if we ever have to, but the bottom line is  
3 my goal for my client and their constituencies is to stop the  
4 bleeding relative to HOOD. And we recognize we're going to  
5 come back to Your Honor in connection with FTX, our issues  
6 with FTX on other things other than HOOD.

7 So we'll see where we are and we're hopeful that  
8 Your Honor will agree that that should be the path forward  
9 for today.

10 THE COURT: All right. Let me hear from debtors.

11 MR. GOODCHILD: Your Honor, John Goodchild on  
12 behalf of the debtors -- or debtor, Emergent.

13 The way I understand it is very much as what was  
14 said with a couple of additions. First, and most  
15 importantly, the motion to dismiss will be withdrawn. If it  
16 is to be re-filed, obviously, BlockFi is within its rights to  
17 make whatever filing it wishes, but the motion is withdrawn,  
18 number one.

19 Number two, I believe the agreement is BlockFi  
20 also withdraws whatever objection it has to the joint  
21 administration motion. So that, if Your Honor sees fit to  
22 rule on that today, the way is clear in that regard.

23 It is true, the parties agreed the April 12 omni,  
24 if Your Honor is willing to hold a status, the parties would  
25 like that. It is also true the parties have talked about, if

1 they're having difficulty with an issue or two, submitting  
2 either competing drafts or a description of where their  
3 disagreements are to Your Honor in the hopes that Your Honor  
4 might be able to help us get over the line if we're just that  
5 close. But for today's proceedings, the most important is  
6 that the motion to dismiss is withdrawn and the objection to  
7 the joint administration is withdrawn.

8 THE COURT: All right.

9 MR. GOODCHILD: Thank you, Your Honor.

10 THE COURT: Thank you.

11 FTX?

12 MR. GLUECKSTEIN: Thank you, Your Honor, Brian  
13 Glueckstein, Sullivan & Cromwell, for the FTX debtors.

14 We agree, we do think there's a path forward.  
15 Hearing Your Honor this morning and appreciate Your Honor's  
16 guidance on what the Court is and is not going to do prior to  
17 the criminal trial, I think that makes good sense. I agree  
18 with Mr. Kanowitz that we should be able to reach a  
19 stipulation that deals with that issue.

20 Of great import to us, as I noted in my remarks  
21 earlier, is making sure that this is limited to the Robinhood  
22 shares issues and doesn't collaterally, or intentionally or  
23 unintentionally, impact things we need to do in the FTX  
24 debtors' case or claims we need to assert against BlockFi on  
25 other issues, as they have claims against us and we certainly

1 have claims against them.

2 I think the April 12th date for a status makes  
3 sense. I would hope that we're able to get something done  
4 before then. Of course, it will need to be reviewed by the  
5 Government, both the United States Trustee and the Department  
6 of Justice will need to see it, but we expect that that  
7 timeline should work.

8 Thank you.

9 THE COURT: All right, thank you.

10 Does anyone else wish to be heard?

11 (No verbal response)

12 THE COURT: All right. Well, I think the  
13 resolution for today is a good one. The parties should meet  
14 and confer and submit a form of order withdrawing the motion  
15 to dismiss without prejudice and setting April 12th as a  
16 status conference, and giving the parties the opportunity to  
17 make submissions ahead of that conference, if necessary. I  
18 assume they would be submitted simultaneously.

19 And we'll go from there. We'll see where we are  
20 on April 12th.

21 I appreciate the parties taking the time to  
22 address the issue and coming up with at least a temporary  
23 resolution. We'll see how it all works out in the end, but  
24 I'm glad to see we were able to get something done today.

25 Yes, sir?

1 MR. DORCHAK: If I may, Your Honor, just to  
2 clarify, the motion for administration, we've filed a revised  
3 interim order for the Court's approval. I don't think  
4 there's any objection to that. That interim order will  
5 provide for noticing to go out both in the Emergent case and  
6 in the FTX case, so that the entire FTX universe will know  
7 and have an opportunity to protest, if they want to, and then  
8 -- assuming nothing of that sort -- then would come back and  
9 present a final order.

10 I assume that's okay with everyone because the  
11 objection has been withdrawn, but I just want to make sure.

12 Thank you.

13 MR. KANOWITZ: Again, for the record, Richard  
14 Kanowitz, Haynes and Boone.

15 Your Honor, our -- we filed a limited objection  
16 just for purposes of saying the joint administration motion  
17 can't wag the motion to dismiss, right? Just because there's  
18 a joint administration doesn't mean Your Honor can't dismiss  
19 it.

20 So, yes, we withdraw the limited reservation of  
21 rights or whatever we filed in connection with the joint  
22 administration and whatever the proposed order is that the  
23 debtor of Emergent worked out with the U.S. Trustee and  
24 others, we're not standing in that way, we will fall onto  
25 whatever rights we have as a noticed party there.

1 THE COURT: All right, thank you. I did review it  
2 and reviewed the revised order.

3 Does anyone else wish to be heard on the joint  
4 administration order?

5 (No verbal response)

6 THE COURT: All right, I'm satisfied that that  
7 relief is appropriate, I will enter that interim order and,  
8 if need be, obviously, it's only an interim order, so maybe  
9 at the April 12th hearing we can see where we are and maybe  
10 use that as the final hearing if we're resolved on all the  
11 other issues. Okay?

12 MR. KANOWITZ: Thank you.

13 THE COURT: All right, anything else for today  
14 before we adjourn?

15 (No verbal response)

16 THE COURT: All right. Thank you all very much, I  
17 appreciate it. We are adjourned.

18 COUNSEL: Thank you, Your Honor.

19 (Proceedings concluded at 11:43 a.m.)

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CERTIFICATION

We certify that the foregoing is a correct transcript from the electronic sound recording of the proceedings in the above-entitled matter to the best of our knowledge and ability.

/s/ Tracey J. Williams March 14, 2023

Tracey J. Williams, CET-914  
Certified Court Transcriptionist  
For Reliable

/s/ Mary Zajackowski March 14, 2023

Mary Zajackowski, CET-531  
Certified Court Transcriptionist  
For Reliable